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MEMORANDUM

NATIONAL SECURITY COUNCIL

*Noted by HAK*SECRET/SENSITIVE

OSD, DIA Reviews Completed

ACTION

NSC review completed.

September 7, 1972

MEMORANDUM FOR: HENRY A. KISSINGER

MORI/CDF per
C05078848FROM: JOHN H. HOLDRIIDGE *JH/JPK*SUBJECT: Call on You by Indonesian Minister of State General
Panggabean September 8 at 10:00 a.m.

You have agreed to see the Indonesian "Minister of State to Assist the President in Defense and Security Affairs" and Armed Forces Vice Commander-in-Chief General Maraden Panggabean September 8 at 10:00 a.m. Panggabean is making a formal visit to the U.S. at the invitation of Admiral Moorer. He is also visiting the Philippines and Thailand en route here, and the U.K. and possibly other West European capitals on his way back. You have agreed to escort him to call on the President at 10:25 a.m. for about five minutes.

Panggabean's primary objective on this trip apparently is to test reactions to Indonesia's goal of an enlarged security role in Southeast Asia in the wake of our withdrawal from Vietnam. With us, he also reportedly plans to ask for substantially increased military assistance, including combat jets such as F-4's, and financial support for a regional counterinsurgency training program code-named Taruna which Indonesia is interested in sponsoring. (U.S. security assistance for Indonesia for FY 72 totaled \$21.5 million, while our economic assistance amounted to \$203 million. For FY 73 military assistance, we are requesting \$34.5 million in grant MAP and excess defense articles.) In addition, Panggabean apparently also wants to sound out future U.S. intentions in Asia -- and particularly in Southeast Asia -- in light of our moves toward detente with the Soviets and the PRC.

The Indonesians in the past year have made a strong effort to improve regional security cooperation in Southeast Asia. They concluded a secret agreement with Malaysia in late July providing for expanded military cooperation along their common border in Borneo and for joint maritime operations in the Malacca Strait and the South China Sea. They have obtained increased military assistance and training and intelligence cooperation from Australia and New Zealand. Panggabean reportedly intended to use his visits

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CLASSIFIED BY JOHN H. HOLDRIIDGE
SUBJECT TO GENERAL DECLASSIFICATION
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to Bangkok and Manila to try to improve military cooperation with those governments.

As you will recall from my schedule proposal of September 6, General Hasnan Habib has asked to call on you after General Panggabean departs Washington on September 9. Since Habib is General Sumitro's immediate subordinate, he may have a message from Sumitro for you. In addition, Panggabean has asked Habib to take up the particulars of Indonesia's request for increased military assistance, leaving Panggabean to mention it only in general terms to you. Since you will not be in Washington between September 9 and 12, I suggested that Habib either call on General Haig instead or accompany General Panggabean when he calls on you.

25X1. General Panggabean will be accompanied by Ambassador Thajeb. [redacted]

[redacted] Colonel George Benson, and a U. S. military escort officer will accompany Panggabean to the White House, and will remain in the West Lobby during the call. I will plan to sit in on the meeting.

Suggested Talking Points

-- You wish to compliment Panggabean on Indonesia's remarkable economic progress and political stability, noting that this is a major stabilizing factor in Southeast Asia.

-- You want to assure Panggabean that the U. S. is not withdrawing from Asia, and that the Nixon Doctrine is aimed at enabling the U. S. to meet its commitments in Asia while at the same time retaining the necessary support among the American people to do so.

-- We will continue to be as forthcoming as possible on both military and economic assistance, and intend to maintain this assistance at least at present levels.

-- (If Panggabean asks for increased military assistance, particularly sophisticated combat jets such as F-4's or F-5E's.) You are sure that the Department of Defense will work with the Indonesian Government in order to be as responsive as possible within the limits of our available resources. [Although we believe this needs further study, Defense recommends that Indonesian requests for sophisticated combat jets be postponed until the late 1970's. Indonesia's short-term needs are being satisfied by Australia's transfer of F-86 fighters. In addition, acquisition of F-4's or F-5's would side-track Indonesia's higher priority military needs, and would impose burdensome operating and maintenance costs.]

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-- (If Panggabean asks regarding U. S. financial support for the Taruna Plan, for which General Habib asked us last fall for funds amounting to \$2 million annually.) We support in principle Indonesian efforts to encourage regional military cooperation. We have been able to furnish some indirect assistance to the Taruna Plan: almost \$1 million in FY 73 for intelligence equipment, and funds to rehabilitate eight Indonesian C-130 aircraft which can be used to bring third country military personnel to Indonesia for training.

25X1

-- We have tried but have not been able to locate [redacted] funds which could be used for the direct support of this program; similarly, direct MAP support runs up against Congressional prohibitions on the use of MAP funds. Nevertheless, because we have been able to maintain and even increase military assistance levels for Indonesia, Indonesian funds which might otherwise be spent on military procurement can be freed for projects such as Taruna.

-- We will continue to keep this program in mind to see where further assistance can be provided.

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